

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
OCTOBER 24, 1995  
CHICAGO, ILLINOIS**

A Regular Meeting of the Illinois Gaming Board was held on October 24, 1995 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Thomas Swoik and Kevin Lockhart, Chief Legal Counsel Mareile Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. The Board by unanimous consent adjourned to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matter:

1. Issues Concerning Applicants and Licensees
2. Recommendations of Administrative Law Judges
3. Pending and Probable Litigation Matters
4. Personnel Matters
5. Closed Session Minutes

The Illinois Gaming Board reconvened in Open Session at 12:57 p.m. Four members being present, a quorum was satisfied.

Chairman Johnson stated that Governor Jim Edgar held a press conference this day regarding a proposal for reforming the riverboat gaming tax structure in Illinois. In addition, the Governor called for allocating \$2 million from the proposed new gaming revenues to fund a program to assist compulsive gamblers. He further proposed tightening state laws regarding minors on riverboats, supporting legislation previously recommended by the Board.

Member Browder moved that the Board approve the minutes from the open and closed sessions of the September 19, 1995 regular meeting. Member Pyatt seconded the motion. Member Vickrey moved that the minutes be modified to reflect a statement he had made regarding an information line for compulsive gambling. The change was noted and the motion was approved unanimously by voice vote.

Member Browder moved that the Board approve the dissemination of the Closed Session minutes from meetings for the first half of calendar year 1995. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business was the Administrator's Report.

Administrator Belletire reported that Adjusted Gross Receipts for September were on a par with August '95 when measured on a daily basis. He stated there had been a trend during July, August and September showing Elgin as the top grossing licensee followed by Harrah's and Empress. The Administrator stated that the licensees continue to be diligent with I.D. verification and maintaining the cruising rate. He further stated that in the future the Board would be receiving a monthly report on staff-approved changes in the licensee Internal Controls.

The Administrator proposed a list of Board meeting dates for calendar year 1996 and gave a brief report on the Board's Compulsive Gambling Initiative.

Regarding licensee issues, the Administrator stated that the Par-A-Dice Gaming Corporation had withdrawn its request for Board authorization of Poker Tables. Harrah's and Players are moving forward with plans to replace their riverboats with new vessels. He also stated that Harrah's new vessel will be owned, rather than leased, by the licensee partnership.

The Administrator indicated that he excluded two additional individuals from Illinois Riverboats. They are the two adults that allowed the 15 year old to enter and gamble upon the Empress Casino in August, 1995.

Lastly the Administrator discussed consumer spending and sales tax information gathered by staff for each riverboat community and for the state overall. He indicated that most riverboat communities for most types of businesses reflect retail sales trends to be above average.

Chairman Johnson deferred the proposed schedule of Board meeting dates for 1996, indicating these would be finalized at the next meeting of the Board.

The next order of business was Items Concerning Owner Licensees.

Mark Heffernan, representing the Alton Gaming Company, requested that their license be renewed for one year.

Member Vickrey asked when the outstanding Form 1's would be submitted to the Board. The licensee stated that they would be filed in one week.

Member Pyatt asked how the licensee felt about the revised renewal application. The licensee felt the process went smoothly.

Member Pyatt moved for adoption of the following resolution:

BE IT RESOLVED:

The Board renew the Owners License of the Alton Gaming Company for a period of one year commencing in November of 1995. In renewing the Owners License, we note the following:

- (1) We request the cooperation of the Alton Gaming Company in the development of a cost allocation plan acceptable to the Board that appropriately reflects the distinctions between Argosy Gaming Company administrative costs attributable to Alton Gaming and dividends payable to Argosy by Alton Gaming.
- (2) We request the cooperation of the Alton Gaming Company in the conducting and financing of an economic impact analysis of gaming.

Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

Joseph Uram, representing the Argosy Gaming Corporation/Alton Gaming Company requested approval of a \$150 million line of credit of unsecured debt and refinancing at the Argosy Gaming Corporation level.

Member Vickrey asked for an update on Argosy's Lawrenceburg location. Mr. Uram indicated that they expect to open in the second quarter of 1996 with a temporary facility. He further stated that they have leased a boat and will construct a larger gaming vessel with in excess of 80,000 square feet of gaming -- making it the largest floating casino in the United States.

Member Vickrey offered the following motion:

I move that the Board approve Argosy Gaming Corporation's line of credit with Bank of America in an amount not to exceed 25 million dollars. Furthermore, I move that the Board approve the refinancing proposal substantially in the form described in the registration statement on Form S-3 filed by Argosy with the Securities and Exchange Commission on October 6, 1995. This authorization is subject to approval by the Administrator upon his review of the final registration statement filed by Argosy and the financing transaction described therein.

Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Jack Desatnick, representing the Casino Rock Island requested final approval of a refinancing plan that relieves the boat of a \$12 million debt from Boatmen's Bank and putting it on the hotel company Jumer's Castle Lodge.

Member Pyatt moved that the Board approve Rock Island Boatworks' proposed refinancing through a \$12 million loan from Boatmen's National Bank of Saint Louis. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business was Proposals for Initial Consideration.

John Janicik, representing the Casino Queen, Inc., requested initial consideration of a loan with Harris Trust and Savings Bank for \$18 million to cover existing debt.

The next order of business concerned Supplier's Licensure Items.

Member Vickrey moved that the Board approve Bally Gaming's application for renewal of its Suppliers License. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Key Persons.

Member Pyatt moved that the Board approve David Daley as a Key Person of the Par-A-Dice Gaming Corporation. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Occupational Licensure.

Member Browder moved that the Board adopt the staff recommendation and approve the application for an Occupational License, Level 1, submitted by Michael Durcan. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Browder move that the Board adopt the staff recommendations and approve 172 applications for an Occupational License, Level 2, and 382 applications for an Occupational License, Level 3, and deny 7 applications for an Occupational License, Level 2, and 24 applications for an Occupational License, Level 3. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Administrative Hearings.

Member Pyatt moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and revoke the license of Ronald Choate. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board, having reviewed the administrative record, adopt the recommendation of the Administrative Law Judge and revoke the license of

Mamoon Balbaky. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board deny the hearing requests submitted by the following applicants due to their failure to comply with Board Rule 3000.405:

Robertha Baxton  
Russell Blackwell  
Patricia Herchenbach  
Pamela Robinson  
Edward Thomas  
Norman Thomas  
Dennis Wells

Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Complaints and Disciplinary Actions.

Member Browder move that the complaint for disciplinary action against Jose Fontanez be issued and that Mr. Fontanez' license be revoked. The complaint involves Mr. Fontanez' inappropriate conduct while gaming on the Empress riverboat. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Board Policy Items.

Mareile Cusack, Chief Legal Counsel, discussed the status of various draft rules. Ms. Cusack noted that last month the Board deferred the second publishing of draft Rules 3000.300, 3000.310, 3000.340, 3000.350, 3000.500, 3000.510, 3000.614, 3000.616, and 3000.636. She indicated that in the interim the Board was provided a written summary of the public comments that had been made in response to the initial publishing of the Rules. Ms. Cusack indicated the Board focused on Rules 3000.310 (Minimum Control Standards) and 3000.510 (Excursions During Inclement Weather or Mechanical Difficulties). Ms. Cusack discussed the modifications and interpretations of these two Rules.

Chairman Johnson asked if any Board Member had distinct issues with any of the above mentioned Rules. Member Vickrey indicated that he would like to have a discussion on Rule 3000.510. Chairman Johnson proposed that a motion be made to approve all other Rules.

Member Pyatt moved that the Board approve the proposed Rules 3000.300, 3000.310, 3000.320, 3000.330, 3000.340, 3000.350, 3000.500, 3000.614, 3000.616 and 3000.636 for submission as a second filing with the Joint Committee on Administrative Rules. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Vickrey lead a discussion regarding Rule 3000.510. He asked the industry if they would like to make public comments. No one stepped forward. Member Vickrey than asked if he was interpreting the Rule correctly to say that if you have six cruises and are in violation in one of those cruises, the fine is 1/6 of the Adjusted Gross Revenue for that day. Administrator Belletire stated that Member Vickrey's understanding was correct. The Administrator further clarified by stating that if it was the least attended cruise the fine could be less than 1/6 or if it was the most attended cruise it could be more than 1/6.

Further discussion was held concerning the applicability of the proposed rule to disrupted, rather than cancelled, cruises. The Administrator indicated that under the draft rule, disrupted cruises were not intended to be subject to the fine recommended for cancelled cruises. Mr. Vickrey felt with these clarifications to the draft rule he was prepared to vote on the matter.

Member Pyatt moved that the Board approve proposed Rule 3000.510 for submission as a second filing with the Joint Committee on Administrative Rules. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Ms. Cusack discussed rule 3000.241 -- Supplier's License Renewal. She indicated that staff recommend the Board give consideration to a revision to the draft rule that would create two classes of supplier's license. One class would be major or significant suppliers -- specifically those with at least \$1 million a year in Illinois sales. Suppliers with sales volume of less than \$1 million a year would constitute the other class -- and qualify as a small or minimal volume licensee. The latter category would, under the staff recommendation, not require licensure renewal, except for annual fee payment and an annual affidavit of background information.

Member Johnson expressed his concern for granting what might be called a "perpetual" license. He further proposed that the Board withdraw the approval granted at the last meeting for the revised rule 3000.241. He asked staff to come back to the next meeting clarifying the issue of privilege versus right in licensure issuance and renewal.

Member Pyatt moved that the Board withdraw it's previous approval of proposed Rule 3000.241 for submission as initial filing with the Office of the Secretary of State which approval was given at the last regular meeting of this Board. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned an update on the revision of Board rules.

Ms. Cusack indicated that the staff is currently in the process of reviewing and revising all Board Rules. Ms. Cusack invited the public to submit any comments or suggestions that they may have regarding potential rule revisions.

The next order of business concerned the IGB Code of Conduct.

Administrator Belletire gave an overview of the proposed Code of Conduct developed by staff. Copies were made available to the public. Board members discussed the proposal briefly and Chairman Johnson indicated an interest in finalizing this discussion at the next regular Board meeting.

The next order of business concerned Related Party Contracts.

Kevin Lockhart, Deputy Administrator for Audit informed the Board that staff had done a preliminary review of related party transactions and management contracts of owner licensees. He stated that staff would now be taking a deeper look into these types of contracts and would report back to the Board as early as the next meeting of the Board.

The next order of business concerned Poker Games.

Administrator Belletire gave a report on the status of Poker in Illinois. A staff report identifying how Poker is conducted and regulated in other gaming jurisdictions was discussed. Chairman Johnson asked the Administrator to solicit owner licensee thoughts on prohibiting Poker in Illinois. Specific concerns were expressed about the appropriateness of authorizing a Game in which patrons play against one another rather than against the House.

There being no further business to come before the Board, Member Browder moved that the Board stand adjourned. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote and the Board adjourned at 2:18 p.m.

Respectfully Submitted,

Susan A. Offord  
Secretary of the Board